REPLY/AMENDMENT FEE TRANSMITTAL	Attorney Docket No.	1293.1174
	Application Number	09/783,560
	Filing Date	February 15, 2001
	First Named Inventor	Dong-seok KANG
	Group Art Unit	
AMOUNT ENCLOSED 0.00	Examiner Name	

FEE CALCULATION (fees effective 12/08/04)

CLAIMS AS AMENDED	Claims Remaining After Amendment	Highest Number Previously Paid For	Number Extra	Rate	Calculations
TOTAL CLAIMS		- =	0	X $ 50.00 =	$ 0.00
INDEPENDENT CLAIMS		- =	0	X $ 200.00 =	0.00

Since an Official Action set an <u>original</u> due date of <u>February 10, 2006</u>, petition is hereby made for an extension to cover the date this reply is filed for which the requisite fee is enclosed (1 month ($120)); (2 months ($450)); (3 months ($1,020)); (4 months ($1,590)); (5 months ($2,160):	
If a brief in support of an Appeal is enclosed, add ($500.00)	
If Statutory Disclaimer under Rule 20(d) is enclosed, add fee ($130.00)	
Information Disclosure Statement (Rule 1.17(p)) ($180.00)	
Total of above Calculations =	$
Reduction by 50% for filing by small entity (37 CFR 1.9, 1.27 & 1.28)	
TOTAL FEES DUE =	previously submitted

(1) If entry (1) is less than entry (2), entry (3) is "0".
(2) If entry (2) is less than 20, change entry (2) to "20".
(4) If entry (4) is less than entry (5), entry (6) is "0".
(5) If entry (5) is less than 3, change entry (5) to "3".

METHOD OF PAYMENT

☐ Check enclosed as payment.

☐ Charge "TOTAL FEES DUE" to the Deposit Account No. below.

☐ No payment is enclosed.

GENERAL AUTHORIZATION

☒ If the above-noted "AMOUNT ENCLOSED" is not correct, the Commissioner is hereby authorized to credit any overpayment or charge any additional fees necessary to:

    Deposit Account No.   19-3935

    Deposit Account Name   STAAS & HALSEY LLP

☒ The Commissioner is also authorized to credit any overpayments or charge any additional fees required under 37 CFR 1.16 (filing fees) or 37 CFR 1.17 (processing fees) during the prosecution of this application, including any related application(s) claiming benefit hereof pursuant to 35 USC § 120 (e.g., continuations/divisionals/CIPs under 37 CFR 1.53(b) and/or continuations/divisionals/CPAs under 37 CFR 1.53(d)) to maintain pendency hereof or of any such related application.

SUBMITTED BY: STAAS & HALSEY LLP

Typed Name	Christopher P. Mitchell	Reg. No.	54,946
Signature		Date	FEB 7 2006

Docket No.: 1293.1174

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re the Application of:

Dong-seok KANG

Serial No. 09/783,560   Group Art Unit: 3621

Confirmation No. 9376

Filed: February 15, 2001   Examiner: Firmin Backer

For: DIGITAL CONTENTS SUPERDISTRIBUTION SYSTEM AND METHOD OF
        DISTRIBUTING DIGITAL CONTENTS

BRIEF IN SUPPORT OF APPEAL UNDER 37 C.F.R. §41.37

Commissioner for Patents
PO Box 1450
Alexandria, VA 22313-1450

Sir:

In a Notice of Appeal filed August 8, 2005, the Applicants appealed the Examiner's

February 8, 2005 Office Action finally rejecting claims 1-22. In light of the Examiner's objections

to the Summary of the Claimed Subject Matter section of the Brief In Support of Appeal filed on

November 8, 2005 as set forth in the Office Communication mailed January 10, 2006, Appellant

again submits the Brief In Support of Appeal within one-month of the mailing of the Office

Communication. The requisite fee set forth in 37 C.F.R. §41.20 was submitted with the Brief In

Support of Appeal on November 8, 2005.

I. REAL PARTY IN INTEREST

The real party in interest is SAMSUNG ELECTRONICS CO., LTD., the assignee of the subject application.

II. RELATED APPEALS AND INTERFERENCES

Appellant, Appellant's legal representative, and the Assignee do not know of any prior or pending appeals, interferences or judicial proceedings which may be related to, directly affect or be directly affected by, or have a bearing on, the Board's decision in this appeal.

III. STATUS OF THE CLAIMS

Appealed claims 1-22 have been rejected are on appeal.

IV. STATUS OF AMENDMENTS

No amendments have been filed subsequent to the final rejection mailed on February 8, 2005. The Applicants did submit a Request for Reconsideration that was filed on June 7, 2005 and was considered by the Examiner as indicated by the Advisory Action mailed July 5, 2005.

V. SUMMARY OF CLAIMED SUBJECT MATTER

A. Claim 1

Independent claim 1 is directed to a digital contents (including software, music, video, images, and documents, as described in the specification on page 2, lines 6-7) superdistribution method through digital contents download services.

The superdistribution method comprises accessing by a first user a server (e.g. server computer 110 in FIG. 1) providing digital contents download services via a first communication network (e.g. the internet in FIG. 1) to make payment for digital contents on the server, and receiving a download of the digital contents on which a security code is set. This providing and receiving operation is illustrated as operation 210 in FIG. 2, and is described in the specification on page 9, lines 11-14. After the first user makes the payment to the server, distribution is made of the downloaded digital contents from the first user to a second user. This distribution operation is illustrated as operation 220 in FIG. 2, and is described in the specification on page 9, lines 13-21. If the distributed digital contents are executed on the second user's computer, the server is accessed automatically via the first or another communication network. This accessing operation is illustrated as operation 260 in FIG. 2, and is described in the specification on page 10, lines 6-8.

Claim 1 further recites "after the server is accessed and payment for the distributed digital contents is made by the second user, offering a predetermined compensation via the server to the first user who received the downloaded digital contents." This compensation offering operation is illustrated as operation 270 in FIG. 2, and is described in the specification on page 10, line 12 through page 11, line 2.

B. Claim 6

Independent claim 6 is directed to a digital contents (including software, music, video, images, and documents, as described in the specification on page 2, lines 6-7) superdistribution method through digital contents download services.

The superdistribution method comprises downloading to a first client the digital contents on which a security code is set from a server (e.g. server computer 110 in FIG. 1), which provides digital contents download services and to which the first client both accessed via a communication network (e.g. the internet in FIG. 1) and made payment for the digital contents. The downloading operation is illustrated as operation 210 in FIG. 2, and is described in the specification on page 9, lines 11-14. Claim 6 recites an operation of receiving at the server an access request from a second client via a second communication network if the downloaded digital contents are distributed from the first client to the second client and are executed on the second client. The receiving operation is illustrated in FIG. 1, and is described in the specification on page 8, lines 3-17. The distribution from the first client to the second client is illustrated as operation 220 in FIG. 2, and is described in the specification on page 9, lines 13-21.

Claim 6 further recites "offering via the server the first client a predetermined compensation if the second client makes payment for the distributed digital contents." This compensation offering operation is illustrated as operation 270 in FIG. 2, and is described in the specification on page 10, line 12 through page 11, line 2.

C. Claim 10

Independent claim 10 is directed to a digital contents superdistribution system. The system comprises a server computer to provide digital contents download services. The server computer is illustrated as 110 in FIG. 1 and is described in the specification on page 7, lines 1-11. The system further comprises a first user computer (120 in FIG. 1) connected to the server computer via a communication network (including the Internet, as depicted in FIG. 1, and as described in the specification on page 6, line 18). The first user computer makes payment for digital contents, and receives download services of the digital contents on which a security code is set from said server computer, as described in the specification on page 7, lines 12-18.

The system also comprises a second user computer (130 in FIG. 1) that receives a copy of the digital contents of the first user computer, is connected to said server computer via a second communication network (including the Internet, as depicted in FIG. 1, and as described in the specification on page 6, lines 16-20), and is automatically connected to said server computer if the copy of the digital contents distributed by said first user computer are executed by said second user computer. The second user computer is illustrated as 130 in FIG. 1 and is described in the specification on page 8, lines 3-26.

Claim 10 also recites that "if the copy of the digital contents distributed by said first user computer are executed on said second user computer, said second user computer accesses said server computer due to a failure of a security check on the security code set on the copy of the digital contents, and if said second user computer accesses said server to make payment for the copy of the digital contents, a predetermined compensation is offered to a first user of said first user computer who has distributed the copy of the digital contents received by said second user computer." The accessing and compensation offering operations are illustrated in FIG. 1 and described in the specification on page 8, lines 3-26.

D. Claim 12

Independent claim 12 is directed to a method of distributing digital contents using a server. The method comprises receiving at the server an indication from a receiving client through a communication network that the receiving client received a copy of digital contents from a distributing client, the distributing client having previously offered compensation for the digital contents using the server, with the indication including an identification of the distributing client and that the receiving client is compliant with a license for the digital contents. This receiving operation is described in the specification on page 9, line 8 through page 10, line 12.

Claim 12 further recites "offering compensation using the server to the distributing client after said receiving at the server the indication from the receiving client." This compensation

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offering operation is illustrated as operation 270 in FIG. 2, and is described in the specification on page 10, lines 9-22.

E. Claim 14

Independent claim 14 is directed to a method of distributing digital contents. The method comprises verifying at a server that a first client is compliant with a license for the digital contents through a first communication network prior to allowing the first client to access the digital contents. This verifying operation is described in the specification on page 9, lines 11-14. The method also comprises receiving by a second client a copy of the verified digital contents of the first client, and verifying at the server that the second client is compliant with the license for the digital contents through the first or a second communications network prior to allowing the second client to access the copy of the verified digital contents of the first client. The receiving and verifying operations are described in the specification on page 9, line 13 through page 10, line 8.

Claim 14 also recites "offering compensation to the first client if the second client is verified to be compliant with the license." The compensation offering operation is described in the specification on page 10, line 9 through page 11, line 2.

F. Claim 19

Independent claim 19 is directed to a distributing system to manage the distribution of digital contents having a license (FIG. 1). The system comprises a first client (120 in FIG. 1) having the digital contents and the license, where said first client is verified to be compliant with the license. The system also comprises a second client (130 in FIG. 1) having a copy of the verified digital contents of said first client, and a server (110 in FIG. 1) that verifies through a communication network whether said second client is compliant with the license for the digital contents, where said second client cannot access the copy of the verified digital contents of said first client unless said server verifies said second client is compliant with the license.

The server also offers compensation to said first client if said second client is verified to be compliant with the license. The server is described in the specification on page 7, lines 1-11 and on page 8, lines 12-26.

G. "Means" Or "Step"

None of the claims contain an element expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof.

VI. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

Claims 1-22 stand rejected under 35 U.S.C. § 103(a) as being obvious over U.S. Patent Application Publication No. 2003/0135464 by Mourad et al. in view of U.S. Patent Application Publication No. 2004/0107125 by Guheen et al.

VII. ARGUMENT

A. Review of the Prior Art

1.   **U.S. Patent Application Publication No. 2003/0135464 by Mourad et al.**

U.S. Patent Application Publication No. 2003/0135464 by Mourad et al. (Mourad) is directed to digital content distribution using web broadcasting services. More particularly, Mourad discloses methods and systems for securely distributing data over global communications networks such as the Internet and cable or satellite digital broadcast networks.

2.   **U.S. Patent Application Publication No. 2004/0107125 by Guheen et al.**

U.S. Patent Application Publication No. 2004/0107125 by Guheen et al. (Guheen) is directed to business alliance identification in a web architecture. More particularly, Guheen discloses methods and systems for identifying alliances between business entities, and pictorially representing those alliances.

B. Claims 1-9, 12-13, and 21-22 are Patentable over the Prior Art

As described above, the present invention involves superdistribution of digital contents. In an embodiment, a first user accesses a server, pays for digital contents on the server, and receives a download of the digital contents on which a security code is set. The digital contents are then distributed to a second user. If the distributed contents are executed on the second user's computer, the server is accessed automatically, and if payment is made by the second user, a compensation is offered to the first user. Although the Examiner's position is not clear on the issue, the combination of the cited references fails to teach this compensation-offering feature.

With respect to claim 1, the Guheen reference was cited by the Examiner for teaching a compensation-offering feature. As acknowledged on pages 2-3 of the February 8, 2005 final Office Action:

> Mourad et al fail[s] to teach an inventive concept of offering a
> predetermined compensation via the server to the user who
> received the downloaded digital contents and distributing the

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downloaded digital contents after making payment to another
user.

However, with respect to claim 6, the Examiner takes a contradictory position.

Specifically, the Examiner states on pages 4-5 of the February 8, 2005 final Office Action:

Mourad et al teach[s]... offering via the server the first client a
predetermined compensation if the second client makes payment
for the distributed digital contents.

The Applicants respectfully submit that this contradiction is moot in light of the fact that

neither Mourad nor Guheen teach or suggest the compensation-offering feature, as recited. In

fact, the Applicants are unable to find *any* mention whatsoever in the cited sections of either

Mourad or Guheen regarding offering compensation via a server to a first user who received

contents and distributed those contents to second user.

To establish obviousness under §103, the Examiner must consider the claimed invention

"as a whole," and the prior art must teach or suggest all of the claim features. See Manual Of

Patent Examining Procedure §2143.03 (8th ed. Rev. 2 May 2004)("MPEP"); In re Royka, 180

U.S.P.Q. 580, 583 (C.C.P.A. 1974); In re Fine, 5 U.S.P.Q.2d 1596, 1599 (Fed. Cir. 1988); Ruiz

v. A.B. Chance Co., 69 U.S.P.Q.2d 1686, 1690 (Fed. Cir. 2004).

Referring, for example to claim 1, it is submitted that the prior art does not teach or

suggest the claimed digital contents superdistribution method, which comprises:

accessing by a first user a server providing digital contents
download services via a first communication network to make
payment for digital contents on the server, and receiving a
download of the digital contents on which a security code is set;

after the first user makes the payment to the server, distributing
the downloaded digital contents from the first user to a second
user;

if the distributed digital contents are executed on the second
user's computer, accessing the server automatically via the first or
another communication network; and

after the server is accessed and payment for the distributed digital
contents is made by the second user, offering a predetermined
compensation via the server to the first user who received the
downloaded digital contents.

Therefore, it is submitted that claim 1 patentably distinguishes over the prior art.

It is also submitted that the Examiner's line of reasoning for combining the teachings of Mourad and Guheen is deficient. To establish a prima facie case of obviousness based on multiple references, there must be some teaching that would have led one of ordinary skill in the art at the time of the invention to combine the references. MPEP § 2143.01; *In re Thrift*, 63 U.S.P.Q.2d 2002, 2006 (Fed. Cir. 2002)(quoting *In re Fine*, 5 U.S.P.Q.2d 1596, 1598 (Fed. Cir. 1988)); *In re Rouffet*, 47 U.S.P.Q.2d 1453, 1455 (Fed. Cir. 1998).

On page 3 of the February 8, 2005 final Office Action, the Examiner maintains the position that:

> [I]t would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the inventive concept of Maurad et al to include Guheen et al's concept of offering a predetermined compensation via the server to the user who received the downloaded digital contents and distributing the downloaded digital contents after making payment to another user because this would have ensure[d] the content is paid for before [being] downloaded by the user.

It is submitted that the Examiner's obviousness statement is deficient because it provides no line of reasoning from the prior art as to why one of ordinary skill would have been led to combine the teachings of the prior art. That is, the Examiner simply provides a hindsight reconstruction ("because this would have ensure[d] the content is paid for before [being] downloaded by the user") of the present invention by selecting different features from the prior art and combining them to achieve the presently claimed invention.

In fact, it is submitted that one of ordinary skill would not have been led to combine the teachings of the prior art to achieve the present claimed invention. At most, it is submitted that one of ordinary skill would have been led to modify Mourad so that alliances between content distribution entities could be identified.

For all of the above reasons, it is submitted that claims 1-9, 12-13, and 21-22 patentably distinguish over the prior art.

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It is also submitted that neither Mourad nor Guheen teach or suggest further distribution of the contents hierarchically, nor do they teach offering a compensation to a <u>second</u> user.

Referring for example, to dependent claim 4 (dependent on claim 3 which depends from independent claim 1), this claim recites:

> further distributing the distributed digital contents on which the security code is reset to a third user;
>
> if payment for the further distributed digital contents is made by the third user, offering via the server a predetermined compensation to the second user who further distributed the distributed digital contents, and
>
> if payment for the further distributed digital contents is made by the third user, the security code which has been set on the distributed digital contents is reset for the third user who made the payment.

Therefore, it is submitted that dependent claim 4 patentably distinguishes over the prior art.

C.   Claims 10-11 are Patentable over the Prior Art

Referring to claim 10, this claim is directed to a digital contents superdistribution system. The system comprises:

> a server computer to provide digital contents download services;
>
> a first user computer connected to said server computer via a communication network, said first user computer makes payment for digital contents, and receives download services of the digital contents on which a security code is set from said server computer; and
>
> a second user computer that receives a copy of the digital contents of the first user computer, is connected to said server computer via a second communication network, and is automatically connected to said server computer if the copy of the digital contents distributed by said first user computer are executed by said second user computer,
>
> wherein,
>
> > if the copy of the digital contents distributed by said first user computer are executed on said second user computer, said second user computer accesses said server computer due to a failure of a security check on the security code set on the copy of the digital contents, and

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if said second user computer accesses said server to
make payment for the copy of the digital contents, a
predetermined compensation is offered to a first user of said first
user computer who has distributed the copy of the digital contents
received by said second user computer.

Although not clear, the Guheen reference appears to have been cited by the Examiner

for teaching the first user computer, as recited. As acknowledged by the Examiner on page 7 of

the February 8, 2005 Office Action,

> Mourad et al fail[s] to teach an inventive concept of downloading
> to a first client the digital contents on which a security code is set
> from a server, which provides digital contents download services
> and to which the first client both accessed via a communication
> network and made payment for the digital contents.

The Applicants have found no mention in the Guheen reference that suggests the first

user computer, as recited.

It is also submitted that the Examiner's line of reasoning for combining the teachings of

Mourad et al. and Guheen et al. is deficient. On pages 7-8 of the February 8, 2005 final Office

Action, the Examiner maintains the position that:

> [I]t would have been obvious to one of ordinary skill in the art at
> the time the invention was made to modify the inventive concept
> of Mourad et al to include Guheen's downloading to a first client
> the digital contents on which a security code is set from a server,
> which provides digital contents download services and to which
> the first client both accessed via a communication network and
> made payment for the digital contents because this would have
> ensure[d] the content is paid for before [being] downloaded by the
> user.

It is submitted that the Examiner's obviousness statement is deficient because it

provides no line of reasoning from the prior art as to why one of ordinary skill would have been

led to combine the teachings of the prior art. That is, the Examiner simply provides a hindsight

reconstruction of the present invention by selecting different features from the prior art and

combining them to achieve the presently claimed invention.

D. Claims 14-20 are Patentable over the Prior Art

Referring to claim 14, this claim is directed to a method of distributing digital contents. The method comprises a compensation offering feature that requires license verification ("offering compensation to the first client if the second client is verified to be compliant with the license"). The Applicants respectfully submit that neither Maurad nor Guheen teach or suggest such a compensation offering feature.

Referring to claim 19, this claim is directed to a distributing system to manage the distribution of digital contents having a license. The system includes a server that verifies license compliance on the part of a second client, and that offers compensation to a first client if the second client is compliant with the license. The Applicants submit that nether Maurad nor Guheen teach or suggest such a server.

With respect to claims 14-20, it is also submitted that, as described above, the Examiner's line of reasoning for combining the teachings of Mourad et al. and Guheen et al. is deficient.

E. Conclusion

In summary, the Applicants submit that claims 1-22 patentably distinguish over the prior art. Reversal of the Examiner's rejection is respectfully requested.

Respectfully submitted,

STAAS & HALSEY LLP

Date: ___FEB 7, 2006___   By: _____

Christopher P. Mitchell

Registration No. 54,946

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VIII. CLAIMS APPENDIX

1. (PREVIOUSLY PRESENTED) A digital contents superdistribution method through digital contents download services, the superdistribution method comprising:

accessing by a first user a server providing digital contents download services via a first communication network to make payment for digital contents on the server, and receiving a download of the digital contents on which a security code is set;

after the first user makes the payment to the server, distributing the downloaded digital contents from the first user to a second user;

if the distributed digital contents are executed on the second user's computer, accessing the server automatically via the first or another communication network; and

after the server is accessed and payment for the distributed digital contents is made by the second user, offering a predetermined compensation via the server to the first user who received the downloaded digital contents.

2. (PREVIOUSLY PRESENTED) The method of claim 1, wherein, if the distributed digital contents are executed on the second user's computer, further accessing the server due to a failure of a security check on the security code set on the distributed digital contents.

3. (PREVIOUSLY PRESENTED) The method of claim 1, wherein, if the server is accessed and payment for the distributed digital contents is made by the second user, further resetting the security code set on the distributed digital contents for the second user who made the payment.

4. (PREVIOUSLY PRESENTED) The method of claim 3, further comprising:

further distributing the distributed digital contents on which the security code is reset to a third user;

if payment for the further distributed digital contents is made by the third user, offering via the server a predetermined compensation to the second user who further distributed the distributed digital contents, and

if payment for the further distributed digital contents is made by the third user, the security code which has been set on the distributed digital contents is reset for the third user who made the payment.

5. (PREVIOUSLY PRESENTED) The method of claim 1, further comprising

further distributing the downloaded digital contents to additional users by the second user who received the distributed digital contents; and

repeating said further distributing by the additional users to still other additional users hierarchically.

6. (ORIGINAL) A digital contents superdistribution method through digital contents download services, the superdistribution method comprising:

downloading to a first client the digital contents on which a security code is set from a server, which provides digital contents download services and to which the first client both accessed via a communication network and made payment for the digital contents;

receiving at the server an access request from a second client via a second communication network if the downloaded digital contents are distributed from the first client to the second client and are executed on the second client; and

offering via the server the first client a predetermined compensation if the second client makes payment for the distributed digital contents.

7. (ORIGINAL) The method of claim 6, wherein the access request is automatically made owing to a failure of a security check on a security code set on the distributed digital contents which are executed on the second client.

8. (ORIGINAL) The method of claim 6, wherein, if the second client makes payment for the distributed digital contents, resetting via the server the security code on the distributed digital contents for the second client.

9. (ORIGINAL) The method of claim 8, further comprising

offering via the server a predetermined compensation to the second client who has further distributed the digital contents on which the security code is reset to an additional client if the digital contents on which the security code is reset is distributed to additional clients and payment for the digital contents on which a security code is reset is made; and

if payment for the digital contents on which the security code is reset is made, resetting the security code on the digital contents for the additional client who makes the payment.

10. (ORIGINAL) A digital contents superdistribution system comprising:

a server computer to provide digital contents download services;

a first user computer connected to said server computer via a communication network, said first user computer makes payment for digital contents, and receives download services of the digital contents on which a security code is set from said server computer; and

a second user computer that receives a copy of the digital contents of the first user computer, is connected to said server computer via a second communication network, and is automatically connected to said server computer if the copy of the digital contents distributed by said first user computer are executed by said second user computer,

wherein,

if the copy of the digital contents distributed by said first user computer are executed on said second user computer, said second user computer accesses said server computer due to a failure of a security check on the security code set on the copy of the digital contents, and

if said second user computer accesses said server to make payment for the copy of the digital contents, a predetermined compensation is offered to a first user of said first user computer who has distributed the copy of the digital contents received by said second user computer.

11. (ORIGINAL) The system of claim 10, wherein, if said second user computer makes payment for the copy of the digital contents, said server computer resets the security code on the copy of the digital contents of said second user computer.

12. (PREVIOUSLY PRESENTED) A method of distributing digital contents using a server, comprising:

receiving at the server an indication from a receiving client through a communication network that the receiving client received a copy of digital contents from a distributing client, the distributing client having previously offered compensation for the digital contents using the server, with the indication including an identification of the distributing client and that the receiving client is compliant with a license for the digital contents; and

offering compensation using the server to the distributing client after said receiving at the server the indication from the receiving client.

13. (ORIGINAL) The method of claim 12, further comprising

setting by the server the identification of the distributing client on the digital contents prior to said receiving the indication from the receiving client, said setting the identification comprising

setting a distributing client security code for the digital contents; and

resetting the distributing client security code for the copy of the digital contents to a receiving client security code using the server through the communication network if the receiving client is compliant with the license.

14. (PREVIOUSLY PRESENTED) A method of distributing digital contents, comprising:

verifying at a server that a first client is compliant with a license for the digital contents through a first communication network prior to allowing the first client to access the digital contents;

receiving by a second client a copy of the verified digital contents of the first client;

verifying at the server that the second client is compliant with the license for the digital contents through the first or a second communications network prior to allowing the second client to access the copy of the verified digital contents of the first client; and

offering compensation to the first client if the second client is verified to be compliant with the license.

15. (ORIGINAL) The method of claim 14, wherein

said verifying at the server that the first client is compliant comprises setting a first security code for the digital contents that allows the first client to access the digital contents, and

said verifying at the server that the second client is compliant comprises resetting the first security code for the copy of the verified digital contents of the first client to a second security code that allows the second client to access the digital contents.

16. (ORIGINAL) The method of claim 15, wherein said verifying at the server that the second client is compliant further comprises receiving a payment from the second client prior to resetting the first security code to the second security code.

17. (ORIGINAL) The method of claim 14, wherein said receiving by the second client comprises receiving the copy of the verified digital contents of the first client from the first client.

18. (ORIGINAL) The method of claim 14, wherein said receiving by the second client comprises receiving the copy of the verified digital contents of the first client from a third client, where the third client was not compliant with the license.

19. (ORIGINAL) A distributing system to manage the distribution of digital contents having a license, comprising:

a first client having the digital contents and the license, where said first client is verified to be compliant with the license;

a second client having a copy of the verified digital contents of said first client; and

a server that

verifies through a communication network whether said second client is compliant with the license for the digital contents, where said second client cannot access the copy of the verified digital contents of said first client unless said server verifies said second client is compliant with the license, and

offers compensation to said first client if said second client is verified to be compliant with the license.

20. (ORIGINAL) The distributing system of claim 19, wherein said server further

sets a first security code for the digital contents that allows said first client to access the digital contents in order to verify that said first client is compliant with the license, and

resets the first security code for the copy of the verified digital contents of said first client to a second security code that allows said second client to access the digital contents in order to verify that said second client is compliant with the license.

21. (ORIGINAL) The method of claim 4, further comprising repeating said further distributing and offering the predetermined compensation hierarchically.

22. (ORIGINAL) The method of claim 9, further comprising repeating hierarchically said further distributing by and offering the predetermined compensation to the additional client to additionally distribute the digital contents to still other additional clients.

IX. EVIDENCE APPENDIX

Not applicable

X. RELATED PROCEEDINGS APPENDIX

Not applicable